

**CITY OF SAN ANTONIO
TAX PHASE-IN AGREEMENT**

1. PARTIES

THIS AGREEMENT (the "Agreement") is entered into on this ____ day of _____ 2006, by and between TOYOTA TSUSHO AMERICA, INC. AND KAUTEX, INC. (hereinafter referred to as "SUPPLIER"), holding a leasehold interest in real property and as personal property owner, and the CITY OF SAN ANTONIO, a municipal corporation, (hereinafter referred to as the "CITY"), acting by and through its City Manager.

2. AUTHORIZATION AND FINDINGS

A. This Agreement is entered into pursuant to the following authorities:

1. The Texas Property Redevelopment and Tax Abatement Act of 1987, V.A.T.S. Tax Code, Chapter 312, as amended;
2. CITY COUNCIL RESOLUTION No. 89-07-12, dated the 15th day of February 1989, and most recently revised by Ordinance No. 98692 on January 8, 2004, together which established the City of San Antonio Guidelines and Criteria for Tax Phase-In and Reinvestment Zones, (hereinafter referred to as the "Guidelines and Criteria");
3. The State of Texas designation of the SAN ANTONIO EMPOWERMENT ZONE/REINVESTMENT ZONE, EZ357-012302-SAEZ (the "Zone"); and
4. CITY COUNCIL ORDINANCE NO. ²⁰⁰⁶⁻⁰⁶⁻⁰¹ 0650, dated JUNE 1, 2006, which specifically approved this Agreement and authorized execution hereof.

B. The City Council, by its approval of this Agreement, hereby finds that while the terms of this Agreement may provide exceptions to the Guidelines and Criteria, the approval of this Agreement will not have any substantial long-term adverse effect on the provision of CITY services or the CITY'S tax base and the planned use of the Property (defined below) inside the Zone by SUPPLIER for the uses contemplated herein will not constitute a hazard to public safety, health or morals.

C. The City Council, by its approval of this Agreement, hereby finds that the terms of this Agreement are substantially similar to the County of Bexar's Tax Abatement Agreement with the Supplier.

D. Toyota Motor Manufacturing Texas has certified in its agreement with Starbright Industrial Development Corporation that jobs referenced in this Agreement are separate and apart from any job creation requirements identified in any other agreements.

3. **PROPERTY**

A. SUPPLIER has a taxable leasehold interest in the real property which is the subject of this Agreement and which is indicated and legally described in Exhibit A, attached hereto and incorporated herein (the "Property"). With a real property improvement investment of approximately EIGHT MILLION TWO HUNDRED FIFTY-SIX THOUSAND DOLLARS (\$8,256,000.00), a personal property investment of approximately FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS (\$4,500,000.00) and an investment of approximately ONE MILLION ONE HUNDRED THOUSAND DOLLARS (\$1,100,000.00) in inventory and supplies (annual), SUPPLIER will construct a building on said Property and will provide TMMTX with fuel tank and fuel dispensing components to be assembled into its automotive product. SUPPLIER will conduct, on the Property, normal business activities including, but not limited to, activities in the manufacturing, assembly, or distribution of automotive components (hereinafter collectively referred to as the "Business Activities") or the normal Business Activities of a Related Organization (defined in Article 5, Paragraph I) so long as such Business Activities include the normal Business Activities of a manufacturer, assembler or distributor of automotive components or similar activity. SUPPLIER shall invest, or cause to be invested, approximately THIRTEEN MILLION EIGHT HUNDRED FIFTY-SIX THOUSAND DOLLARS (\$13,856,000.00) in real property improvements, personal property improvements, and supplies by JANUARY 1, 2007. SUPPLIER shall be entitled to tax abatements authorized herein for the real property improvements, personal property improvements, and inventory and supplies, above the Base Year Value (as defined in Article 6, Paragraph A) if SUPPLIER or a Related Organization undertakes Business Activities in accordance with the terms of this Agreement in the ZONE.

B. SUPPLIER will establish a tax account for real and personal property with the Bexar Appraisal District regarding the Property and provide these tax account numbers to the CITY.

4. **SUPPLIER'S REPRESENTATIONS**

A. SUPPLIER represents that they have no knowledge that any interest in the Property is presently owned, held or leased by a member of the San Antonio City Council, Zoning Commission, Planning Commission, the City's Economic Development Department, or any other City officer or employee. SUPPLIER further represents that they shall not knowingly sell, lease or otherwise convey such an interest to a member of the San Antonio City Council, the Zoning Commission, the Planning Commission, the City's Economic Development Department or any other City officer or employee, as long as this Agreement remains in effect.

B. SUPPLIER represents that there is no litigation pending against SUPPLIER for any violations under the Occupational Safety and Health Act ("OSHA").

5. **TERMS OF THE AGREEMENT**

A. Obligations of SUPPLIER. For SUPPLIER to receive the tax abatement authorized herein: (1) SUPPLIER shall own, hold an interest in or otherwise control the Property and shall invest, or cause to be invested, a minimum of EIGHT MILLION TWO HUNDRED FIFTY-SIX

THOUSAND DOLLARS (\$8,256,000.00) in the real property improvements, approximately FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS (\$4,500,000.00) in the personal property improvements, and ONE MILLION ONE HUNDRED THOUSAND DOLLARS (\$1,100,000.00) annually in inventory and supplies on the Property described in Article 3, Paragraph A by January 1, 2007; (2) SUPPLIER shall hire a minimum of FORTY-FIVE (45) non-temporary, full-time employees by JANUARY 1, 2007; and (3) SUPPLIER shall occupy and use the Property for its Business Activities and otherwise comply with the applicable terms of this Agreement.

B. Wage Requirement. SUPPLIER covenants and agrees that it shall pay at least one hundred percent (100%) of its employees nine dollars and six cents (\$11.03) per hour as of the time City Council of CITY authorized execution of this Agreement.

C. Full-Time Employee. For the purposes of this Agreement, a full-time job shall be equivalent to two thousand eighty (2,080) straight-time paid hours in a fiscal year.

D. Employee Benefits. SUPPLIER covenants and agrees that it shall offer all of its non-temporary full-time employees employed on the Property substantially similar employee benefits as those employee benefits offered to similarly situated employees of SUPPLIER.

E. Compliance with Employment Regulation. SUPPLIER covenants and agrees that it shall comply with all applicable federal and state laws governing the employment relationship between employers and employees.

F. Compliance with Business Activities Regulation. SUPPLIER also covenants and agrees that it shall conduct its Business Activities (as defined in Article 3, Paragraph A) on the Property in accordance with all applicable federal, state and local laws.

G. Compliance with Construction Regulation. SUPPLIER shall construct, or cause to be constructed, any improvements made to the Property in accordance with all applicable federal, state and local laws including, but not limited to, Texas Commission on Environmental Quality regulations, Bexar County and City of San Antonio laws, Building Codes and ordinances, Historic Preservation and Urban Design ordinances, flood, subdivision, building, electrical, plumbing, fire and life safety codes and regulations, current and as amended.

H. Improvements Completion. SUPPLIER shall substantially complete, or cause to be completed, all real and personal property improvements by January 1, 2007 and will house SUPPLIER'S Business Activities (as defined in Article 3, Paragraph A) on the Property in the ZONE. SUPPLIER shall be entitled to such additional time to complete said improvements as may be required due to any "Force Majeure" event, so long as SUPPLIER diligently pursues said completion of improvements. For purposes of this Agreement, "Force Majeure" shall be as defined in Article 8 below. The CITY shall have the final determination, to be exercised reasonably and in good faith, whether to extend such period of time for said completion for reasons of Force Majeure. SUPPLIER shall notify the CITY of the completion of the personal property improvements by sending notice to the address listed in Article 9 (Notice) within one month of completion.

I. Authorized Business Activities. Except as provided herein, SUPPLIER covenants and agrees that it shall use the Property only to conduct its Business Activities. Without additional consent or approval by the City Council, a parent, subsidiary or affiliate organization of SUPPLIER or new entity created as a result of a merger, acquisition, or other corporate restructure or reorganization of SUPPLIER, or any component thereof (hereinafter "Related Organization") may occupy and use the Property for such Related Organization's normal business activities, so long as such business activities are those of a manufacturer, distributor, and or producer of automotive components, or similar or comparable to the Business Activities of SUPPLIER on the Property. To be eligible for tax abatements as provided in this Agreement, such Related Organization shall comply with all applicable terms of this Agreement. Except as authorized above, SUPPLIER covenants and agrees not to change the principal use of the Property without prior approval by the City Council, as evidenced in a duly approved ordinance.

J. Maintenance Obligations. SUPPLIER covenants and agrees that they shall maintain the Property and any constructed improvements in good repair and condition during the Tax Phase-In Period, normal wear and tear and damage by fire or other casualty not caused as a result of the negligence, intentional act or misconduct of SUPPLIER excepted. Compliance with the maintenance obligations imposed herein shall be presumed if SUPPLIER follows its normal and customary maintenance procedures and schedules.

K. Inspections by the City. Upon five business days prior notice to SUPPLIER by CITY, SUPPLIER covenants and agrees that they shall allow designated representatives of the CITY access to the Property during normal business hours for inspection to determine if the terms and conditions of this Agreement are being met. (This inspection is independent of CITY'S police powers to inspect for purposes of assuring compliance with applicable City Codes and Ordinances). The CITY's access to SUPPLIER's books and records will be limited to information needed to verify that SUPPLIER is and has been conducting Business Activities, and to verify the number of non-temporary full-time employees at the Facility. Any information that is not required by law to be made public shall be kept confidential by CITY. Should any good faith dispute or question arise as to the validity of the data provided, the CITY reserves the right to require SUPPLIER to obtain an independent firm to verify the information. This certified statement by an independent firm shall be provided at the sole cost of SUPPLIER. CITY representatives may be accompanied by SUPPLIER representatives and such inspections shall be conducted in such a manner as to (a) not unreasonably interfere with the operation of the Property or the Facility; and (b) comply with SUPPLIER's reasonable security requirements.

L. Disclosure to Bexar Appraisal District. During the term of this Agreement, SUPPLIER covenants and agrees to furnish each year, as applicable the Chief Appraiser of Bexar Appraisal District with information outlined in Chapter 22, V.A.T.S. Tax Code, as amended, as may be necessary for the tax phase-in and for appraisal purposes.

M. Disclosure to CITY. SUPPLIER covenants and agrees that it shall provide the CITY's Director of Economic Development with a semi-annual certification from an officer of SUPPLIER attesting to the number of jobs created and maintained, as well as wages paid, by SUPPLIER on the Property. SUPPLIER shall also submit this information to the CITY upon

request, as deemed necessary at the sole discretion of the CITY, during the term of this Agreement. The information provided shall be on the forms set forth in, or substantially similar to the forms set forth in, Exhibit "C" (attached hereto and incorporated herein), as amended.

N. Local Employment Goal. SUPPLIER covenants and agrees to make a good faith effort to hire local employees to fulfill its requirements under Article 5, Paragraph A. "Local" is defined, for the purposes of this Paragraph, as an employee whose principal residence is located within the city limits of the City of San Antonio or within the county limits of Bexar County.

O. Notification Requirement Regarding Sale, Transfer or Sub-lease of Property. SUPPLIER covenants and agrees to notify CITY in writing at least 30 days prior to any sale, transfer or sub-lease of the Property during the Term. CITY shall not unreasonably withhold approval of any requests for Assignment of this Agreement by SUPPLIER under Article 11 and any new purchaser or transferee requesting Assignment shall be bound by same. Failure to provide the required notification under this Article 5, Paragraph O may render SUPPLIER subject to the termination and recapture provisions under Article 7 without benefit of the Cure Period (as defined in Article 7, Paragraph E).

P. Notification Requirement Regarding Relocation or Cessation of Business. SUPPLIER covenants and agrees to notify CITY in writing at least 30 days prior to Relocating or Ceasing its Business Activities (as defined in Article 7, Paragraphs B and C). Failure to provide the required notification under this Article 5, Paragraph P may render SUPPLIER subject to the termination and recapture provisions under Article 7 without benefit of the Cure Period (as defined in Article 7, Paragraph E).

Q. Penalty for Default/Termination. If, during this Agreement SUPPLIER fails to create and retain at least the minimum number of non-temporary, full-time jobs required under Article 5, Paragraph A of this Agreement, or SUPPLIER fails to pay at least the minimum wages required under Article 5, Paragraph B of this Agreement for a period of three (3) or more consecutive months, then the termination and recapture provisions of Article 7 of this Agreement shall apply against SUPPLIER.

R. Other Actions Resulting in Default/Termination. If, during this Agreement, SUPPLIER allows its ad valorem taxes due on the land, real and personal property or inventory and supplies to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, or is in default with any loan which has been made by the San Antonio Development Agency, South Texas Business Fund, City of San Antonio Industrial Development Authority or any other CITY-sponsored loan/grant/bond program, then the termination and recapture provisions of Article 7 of this Agreement shall apply.

6. TAX PHASE-IN

A. Term. The Tax Phase-In Period (the "Term") for the Property improvements shall be for 10 years beginning on January 1 of the year following the City's annexation of the "Property," but not later than January 1, 2007. The base year for calculating the value of the Property shall be January 1, 2006. The "Base Year Value" of the Property shall be the assessed value

(determined by the Bexar Appraisal District), as of the Base Year, of the personal property located thereon.

B. Conditions Precedent. At the commencement of the Term, SUPPLIER shall own, have an interest in or otherwise control the Property. SUPPLIER shall also conduct its Business Activities on the Property. A Tax Phase-In shall be granted in each year of the Term as described in Article 6, Paragraph C below.

C. Additional Conditions and Tax Phase-In Percentage. Provided that SUPPLIER has invested in the Property real and personal property improvements as described in Article 3, Paragraph A of this Agreement by January 1, 2007, SUPPLIER has hired the number of employees specified in Article 5, Paragraph A of this Agreement, SUPPLIER pays at least the minimum wages required under Article 5, Paragraph B of this Agreement, SUPPLIER uses the Property for its Business Activities, and SUPPLIER is otherwise in compliance with the conditions of this Agreement, then ONE-HUNDRED PERCENT (100%) of the ad valorem taxes for the real and personal Property improvements including inventory and supplies, above the Base Year Value, shall be abated during the Term. There shall be no abatement of taxes for the underlying land value.

D. Base Year Taxation. SUPPLIER understands and agrees that the Base Year Value of the Property and the tax levy based on said Base Year Value of the Property in the ZONE shall not decrease, but taxes may increase and that the amount of property taxes paid by SUPPLIER to the CITY attributable to the Property during the Term shall not be less than the amount of taxes attributable to the Property paid to the CITY for the base year tax year, if any, except in the event of casualty or condemnation of the Property in the ZONE.

E. Protest Rights. SUPPLIER shall have the right to protest appraisals of the Property, or any portion thereof, or the value of any improvements over and above the Base Year Value as applicable.

7. **DEFAULT/TERMINATION/RECAPTURE**

A. Relocation Defined. For purposes of this section, "Relocation" or "Relocate" shall mean SUPPLIER or a Related Organization which has taken the place of SUPPLIER, relocating Business Activities to a location outside the TMMTX supplier park.

B. Termination and Recapture of Taxes in Event of Relocation of Business Activities. If SUPPLIER occupies and uses the Property for its Business Activities and subsequently Relocates (as defined in this Article 7, Paragraph A) during the Term, except if such Relocation of Business Activities is caused by a Force Majeure, as defined in Article 8, then City Council shall have the right to terminate this Agreement and the Term. Said terminations shall be effective for the calendar year during which the Property was no longer used for the required purposes stated herein. Upon said terminations, personal property taxes otherwise abated for that calendar year and all previously abated taxes under this Agreement shall be recaptured and shall be paid to CITY within sixty (60) calendar days from the date of said termination notices to SUPPLIER by CITY.

C. Termination and Recapture of Taxes in Event of Cessation of Business Activities. If SUPPLIER occupies and uses the Property for its Business Activities and subsequently ceases conducting Business Activities (or a substantial portion thereof) at the site for a continuous period of three months during the Tax Phase-In Period for any reason, except if such cessation is caused by a Force Majeure as defined in Article 8, then the City Council shall have the right to terminate this Agreement and the Term. Said terminations shall be effective for the calendar year during which the Property was no longer used for the required purposes stated herein. Upon said terminations, all property taxes otherwise abated for that calendar year and all previously abated taxes under this Agreement shall be recaptured and shall be paid to CITY within sixty (60) calendar days from the date of said termination notices to SUPPLIER by CITY.

D. Termination and Recapture of Taxes for Failure to Maintain Minimum Number of Employees. If SUPPLIER, a Related Organization or City-approved assignee fails to hire and retain the minimum number of permanent full-time employees as required in Article 5, Paragraph A above, calculated by the averaging of the two most current semi-annual Employee Wage Information for Tax Phase-In Request Forms, or substantially similar form, (Exhibit "E") for such calendar year of noncompliance, then for each such calendar year of noncompliance, the tax abatement shall be reduced in the following tax year by the same percentage as the deficiency in the number of employees. For example, if SUPPLIER hires and retains ninety percent (90%) of the minimum number of non-temporary full-time employees in a given year, SUPPLIER shall be entitled to ninety percent (90%) of the ad valorem personal property tax abatement for the Property for that following year, but subject to a floor of fifty percent (50%). If SUPPLIER fails to hire and retain at least fifty percent (50%) of the minimum number of non-temporary full-time employees in a given year then, at the option of City Council, this failure may be grounds for termination of this Agreement and the Term. Said termination shall be effective for the calendar year during which the number of permanent full-time employees stated herein have not been hired or retained as required. Upon said terminations, all property taxes otherwise abated for that calendar year and all previously abated taxes under this Agreement shall be recaptured and shall be paid to CITY within sixty (60) calendar days from the date of said termination notices to SUPPLIER.

E. Cure Period and Declaration of Default. During the Term, CITY may declare a default if SUPPLIER fails to comply with any of the terms of this Agreement. Should CITY determine SUPPLIER is in default under any of the terms of this Agreement, CITY will notify SUPPLIER in writing at the address below in Article 9. If said default is not cured within sixty (60) calendar days from the date of such notice (hereinafter the "Cure Period"), then City Council shall have the right to terminate this Agreement. CITY may extend the Cure Period if SUPPLIER commences the cure within the Cure Period and SUPPLIER is diligently pursuing such cure. If the Agreement is terminated as a result of default, all property taxes will be due for the tax year during which the termination occurred and shall accrue without further abatements for all tax years thereafter; in addition, CITY shall have the right to recapture from SUPPLIER all previously abated property taxes under this Agreement and said taxes shall be paid by SUPPLIER within sixty (60) calendar days of receiving CITY'S written notification of recapture.

F. Other Remedies Available. CITY shall have the right to seek any remedy at law to which it may be entitled, in addition to termination and/or recapture, if SUPPLIER defaults under the terms of this Agreement. However, such termination and/or recapture shall be subject to any and all lawful offsets, settlements, deductions or credits to which SUPPLIER may be entitled. The termination and/or recapture of taxes provided in this Article 7 are not applicable to situations involving minor changes to the description of the Property, or changes in ownership or in management thereof, so long as SUPPLIER, its parent, subsidiary, affiliate or its CITY-approved successor or assignee continues conducting Business Activities or other authorized activities thereon as provided hereinabove.

G. Calculation of Taxes Subject to Recapture. If SUPPLIER fails to comply with any of the terms of this Agreement including, but not limited to, those pertaining to this Article 7 then the City Council shall have the right to recapture from SUPPLIER a percentage of the abated personal property taxes based on the following table:

| TERM YEAR | TOTAL TAX PREVIOUSLY ABATED SHALL BE MULTIPLIED BY: |
|-----------|--|
| 1-10 | 100% |
| 11-12 | 80% |
| 13 | 60% |
| 14 | 40% |
| 15 | 20% |
| 16 | 10% |

FORMULA: The recapture formula shall be:

$$\begin{array}{ccccc} & & \text{Applicable Percentage} & & \text{Amount to be} \\ \text{Total Taxes Abated} & \times & & = & \\ & & \text{from above Schedule} & & \text{Recaptured} \end{array}$$

CITY shall recalculate the amount of recapture pertaining to each tax year utilizing the above formula. A bill for each year will then be sent to SUPPLIER.

8. **AUTHORIZED RELIEF FROM PERFORMANCE (Force Majeure)**

For purposes of this section, "Force Majeure" is defined as an act of God or natural disaster. It also includes explosion or other casualty or accident which is not the result of negligence, intentional act or misconduct on the part of SUPPLIER. In addition to relief expressly granted in this Agreement, CITY may grant relief from performance of this Agreement if SUPPLIER is prevented from compliance and performance by an event of Force Majeure. The burden of proof for the need for such relief shall rest upon SUPPLIER. To obtain release based upon this Article 8, SUPPLIER must file a written request with the CITY'S Economic Development Department for processing to City Council for a decision, authorized by a duly approved Ordinance.

9. **NOTICE**

Any notice required or permitted to be given hereunder by one party to the other shall be in writing and the same shall be given and shall be deemed to have been served and given if: (a) delivered in person to the address set forth herein below for the party to whom the notice is given; (b) placed in the United States mail with postage prepaid, return receipt requested, properly addressed to such party at the address hereinafter specified; or (c) deposited, with fees prepaid, into the custody of a nationally recognized overnight delivery service such as FedEx, addressed to such party at the address hereinafter specified. Any notice mailed in the above manner shall be effective upon its deposit into the custody of the United States Postal Service or such nationally recognized delivery service as applicable; all other notices shall be effective upon receipt. From time to time, either party may designate another address for all purposes under this Agreement by giving the other party no less than ten (10) calendar days advance written notice of such change of address in accordance with the provisions hereof.

TO SUPPLIER:

- (Whether personally delivered or mailed):

Attn: _____

TO CITY:

- If mailed:

Economic Development Department
Attn: Director
P.O. Box 839966
San Antonio, Texas 78283-3966

- If by personal or overnight delivery:

Economic Development Department
Attn: Director
City Hall, 4th Floor
Military Plaza
San Antonio, Texas 78205

10. **CONDITION**

This Agreement is conditioned entirely upon the approval of the San Antonio City Council, as evidenced by duly approved Ordinance Number 2006-06-01-0650, dated JUNE 1, 2006.

11. **ASSIGNMENT**

Except as otherwise expressly provided herein, this Agreement may be assigned or otherwise transferred only with City Council's prior approval (which approval shall not be unreasonably withheld), as reflected in a duly adopted ordinance. SUPPLIER must submit a written request to CITY for approval of the proposed assignment or other transfer at least thirty (30) days prior to the effective date of the assignment or transfer of any part of the Property; however, no City Council consent is required for an assignment or transfer to a parent of SUPPLIER, a subsidiary of SUPPLIER, an affiliate entity of SUPPLIER, or to any new entity created as a result of a merger, acquisition or other corporate restructure or reorganization of SUPPLIER. However, SUPPLIER shall give CITY prior written notice of all assignments or other transfers that do not require City Council consent, as required under Article 5, Paragraph P. All future assignees shall be bound by all terms and/or provisions and representations of this Agreement.

12. GENERAL PROVISIONS

A. None of the property improvements described in this Agreement are financed by tax increment bonds.

B. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the CITY related to this project. No bonds for which the CITY is liable have been used to finance this project.

C. No amendment, modification, or alteration of the terms hereof shall be binding unless in writing dated subsequent to the date of this Agreement and duly authorized by the parties. SUPPLIER acknowledges that City Council approval is required for any and all of these actions.

13. SEVERABILITY

In the event any section, subsection, paragraph, subparagraph, sentence, phrase or work herein is held invalid, illegal or unenforceable, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, subparagraph, sentence, phrase or word. In such event there shall be substituted for such deleted provisions a provision as similar as possible in terms and in effect to such deleted provision that is valid, legal and enforceable. This Agreement constitutes the entire Agreement between the parties hereto relating to the subject matter contained herein and supersedes all prior, oral or written agreements, commitments or understandings with respect to the matters provided for herein.

14. ESTOPPEL CERTIFICATE

Any party hereto may request an estoppel certificate related to this project (hereafter referred to as "Certificate") from another party hereto so long as the Certificate is requested in connection with a bona fide business purpose. The Certificate, which if requested, will be addressed to a subsequent purchaser or assignee of SUPPLIER or other party designated by SUPPLIER which shall include, but not necessarily be limited to, statements that this Agreement

is in full force and effect without default, if such is the case, the remaining Term of this Agreement, the levels of tax abatement in effect, and such other matters reasonably requested by the party(ies) to receive the Certificate.

15. **OWNER STANDING**

SUPPLIER, as a party to this Agreement, shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the underlying ordinances, resolutions, or City Council actions authorizing same, and SUPPLIER shall be entitled to intervene in said litigation.

16. **APPLICABLE LAW**

This Agreement shall be construed under the laws of the State of Texas and is performable in Bexar County, Texas, the location of the ZONE.


17. **DUPLICATE ORIGINALS**

This Agreement shall be executed in two duplicate originals, with a duplicate original going to each party.

CITY OF SAN ANTONIO,
a Texas Municipal Corporation


Sheryl L. Sculley
CITY MANAGER

ATTEST:

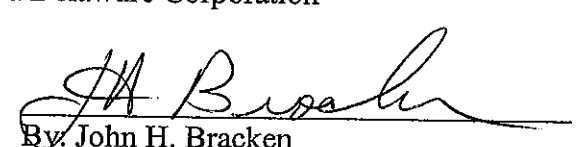

Leticia Vacek
CITY CLERK



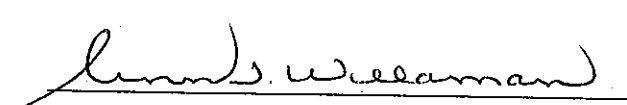
APPROVED AS TO FORM:


Michael D. Bernard
CITY ATTORNEY


KAUTEX INC.
a Delaware Corporation


By: John H. Bracken
Title: Vice President

ATTEST:

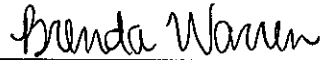

SECRETARY

TOYOTA TSUSHO AMERICA, INC.
A New York Corporation

A handwritten signature in black ink, appearing to read 'A. Shimizu', written over a horizontal line.

By: Atsushi Shimizu
Title: Treasurer

ATTEST:

A handwritten signature in black ink, appearing to read 'Brenda Warren', written over a horizontal line.

is in full force and effect without default, if such is the case, the remaining Term of this Agreement, the levels of tax abatement in effect, and such other matters reasonably requested by the party(ies) to receive the Certificate.

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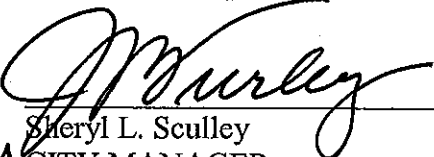
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17. DUPLICATE ORIGINALS

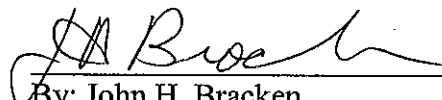
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CITY OF SAN ANTONIO,
a Texas Municipal Corporation

KAUTEX INC.
a Delaware Corporation




for Sheryl L. Sculley
CITY MANAGER



By: John H. Bracken
Title: Vice President

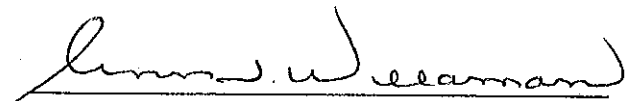
ATTEST:



Leticia Vacek
CITY CLERK

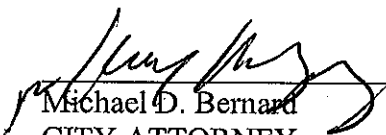


ATTEST:



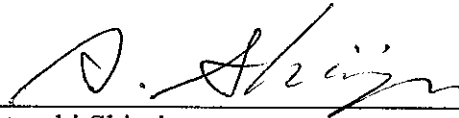
SECRETARY

APPROVED AS TO FORM:



Michael D. Bernard
CITY ATTORNEY

TOYOTA TSUSHO AMERICA, INC.
A New York Corporation



By: Atsushi Shimizu
Title: Treasurer

ATTEST:



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SUPPLIER, as a party to this Agreement, shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the underlying ordinances, resolutions, or City Council actions authorizing same, and SUPPLIER shall be entitled to intervene in said litigation.

16. APPLICABLE LAW

This Agreement shall be construed under the laws of the State of Texas and is performable in Bexar County, Texas, the location of the ZONE.


17. DUPLICATE ORIGINALS

This Agreement shall be executed in two duplicate originals, with a duplicate original going to each party.

CITY OF SAN ANTONIO,
a Texas Municipal Corporation


Sheryl L. Sculley
CITY MANAGER

ATTEST:

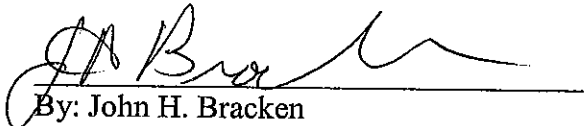

Leticia Vacek
CITY CLERK



APPROVED AS TO FORM:


Michael D. Bernard
CITY ATTORNEY

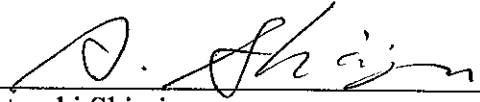
KAUTEX INC.
a Delaware Corporation


By: John H. Bracken
Title: Vice President

ATTEST:

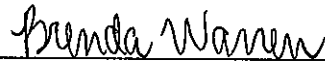

SECRETARY

TOYOTA TSUSHO AMERICA, INC.
A New York Corporation



By: Atsushi Shimizu
Title: Treasurer

ATTEST:



is in full force and effect without default, if such is the case, the remaining Term of this Agreement, the levels of tax abatement in effect, and such other matters reasonably requested by the party(ies) to receive the Certificate.

15. OWNER STANDING

SUPPLIER, as a party to this Agreement, shall be deemed a proper and necessary party in any litigation questioning or challenging the validity of this Agreement or any of the underlying ordinances, resolutions, or City Council actions authorizing same, and SUPPLIER shall be entitled to intervene in said litigation.

16. APPLICABLE LAW

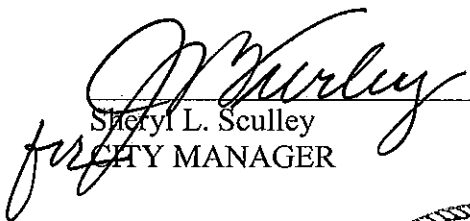
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CITY OF SAN ANTONIO,
a Texas Municipal Corporation

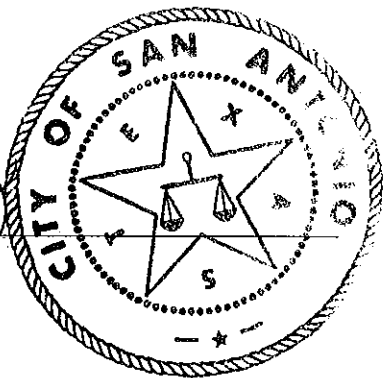
KAUTEX INC.
a Delaware Corporation


Sheryl L. Sculley
CITY MANAGER



By: John H. Bracken
Title: Vice President

ATTEST:

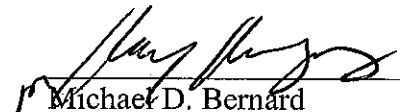

Leticia Vacek
CITY CLERK



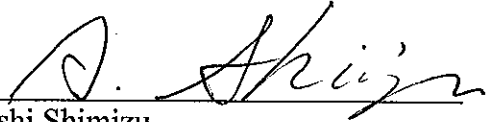
ATTEST:


SECRETARY

APPROVED AS TO FORM:

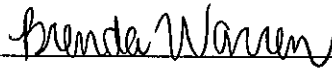

Michael D. Bernard
CITY ATTORNEY

TOYOTA TSUSHO AMERICA, INC.
A New York Corporation

A handwritten signature in black ink, appearing to read "A. Shimizu", written over a horizontal line.

By: Atsushi Shimizu
Title: Treasurer

ATTEST:

A handwritten signature in black ink, appearing to read "Brenda Warren", written over a horizontal line.